



HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2002
OF THE CONDITION AND AFFAIRS OF THE

THE WELLNESS PLAN

NAIC Group Code	1150 <small>(Current Period)</small>	1150 <small>(Prior Period)</small>	NAIC Company Code	95471	Employer's ID Number	38-2008890
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [X]		No []	
Incorporated	11/08/1972		Commenced Business	02/28/1973		
Statutory Home Office	2875 W. GRAND BLVD. <small>(Street and Number)</small>			DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	2875 W. GRAND BLVD. <small>(Street and Number)</small>			313-875-5335 <small>(Area Code) (Telephone Number)</small>		
	DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>					
Mail Address	2875 W. GRAND BLVD. <small>(Street and Number or P.O. Box)</small>			DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	2875 W. GRAND BLVD. <small>(Street and Number)</small>			313-875-4200 <small>(Area Code) (Telephone Number)</small>		
	DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>					
Internet Website Address	www.wellplan.com					
Statement Contact	Ashok K. Parikh <small>(Name)</small>			313-875-5335 <small>(Area Code) (Telephone Number) (Extension)</small>		
	akparikh@wellplan.com <small>(E-mail Address)</small>			313-875-5670 <small>(FAX Number)</small>		
Policyowner Relations Contact	2875 W. GRAND BLVD. <small>(Street and Number)</small>			313-875-4200 <small>(Area Code) (Telephone Number) (Extension)</small>		
	DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>					

OFFICERS

President and CEO	Isadore J. King	Secretary	Stanley R. Kirk
Treasurer	Jimmie A. Hearn		

VICE PRESIDENTS

Ashok K. Parikh	Stanley R. Kirk	Alvin Riddle
Samuel E. McCargo	Dr. Delores Baker	

DIRECTORS OR TRUSTEES

Kathleen Callahan	Arthur L. Johnson	Lugene Nelson
Ernestine Pointer	Jimmie A. Hearn	Wynesse R. Stanford
Gloria Johnson	Bernard Parker	Charles F. Whitten, M.D.
Margie Williams	Ronald Echols	Carol Williams
John Williams	Isadore J. King	Helen Love
John Kerr	Cecelia Stevenson	Walter Watkins, Jr.

State of Michigan } ss
County of Wayne }

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Isadore J. King President and CEO	Stanley R. Kirk Secretary	Jimmie A. Hearn Treasurer
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Subscribed and sworn to before me this
day of May, 2002

Polly J. Jones
Notary Public Wayne County, MI
August 17, 2003

ASSETS

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	30,071,622		(a) 30,071,622	30,576,717
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$10,955,503) and short-term investments (\$10,350,112)	21,305,615		21,305,615	29,131,012
6. Other long-term invested assets	(8,611,707)		(8,611,707)	(7,414,879)
7. Receivable for securities				
8. Aggregate write-ins for invested assets	5,464,045	1,272,248	4,191,797	1,822,427
9. Subtotals, cash and invested assets (Lines 1 to 8)	48,229,575	1,272,248	46,957,327	54,115,277
10. Accident and health premiums due and unpaid	4,838,915	195,120	4,643,795	4,496,777
11. Health care receivables	2,355,318		2,355,318	3,469,827
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	73,957		73,957	86,508
15. Amounts due from parent, subsidiaries and affiliates	10,232		10,232	
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment	4,697,013		4,697,013	4,721,464
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)				
20. Electronic data processing equipment and software.....	2,255,777		2,255,777	2,615,687
21. Other nonadmitted assets	0		0	
22. Aggregate write-ins for other than invested assets	1,619,631		1,619,631	1,773,626
23. Total assets (Lines 9 plus 10 through 22)	64,080,418	1,467,368	62,613,050	71,279,166
DETAILS OF WRITE-INS				
0801. Inventory.....	681,596		681,596	792,786
0802. Employee Benefit Trust.....	1,868,093		1,868,093	0
0803. Other Accounts Receivables.....	1,642,108		1,642,108	1,029,641
0898. Summary of remaining write-ins for Line 8 from overflow page	1,272,248	1,272,248	0	
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	5,464,045	1,272,248	4,191,797	1,822,427
2201. Stop Loss Fund.....	856,076		856,076	0
2202. Funds Held for Deferred Compensation Plan.....	763,555		763,555	770,755
2203. Statutory Reserve.....	0		0	1,002,871
2298. Summary of remaining write-ins for Line 22 from overflow page				
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)	1,619,631		1,619,631	1,773,626

(a) \$15,128,608 health care delivery assets included in Line 4.1, Column 3

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	37,518,323		37,518,323	32,035,287
2. Accrued medical incentive pool and bonus payments	868,977		868,977	
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance	3,795,037		3,795,037	3,809,781
7. General expenses due or accrued	1,932,831		1,932,831	
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses) (including \$ net deferred tax liability)				
9. Amounts withheld or retained for the account of others	3,515,071		3,515,071	
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)	679,754		679,754	
11. Amounts due to parent, subsidiaries and affiliates				1
12. Payable for securities				
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$ current)	1,434,912		1,434,912	21,639,440
18 Total liabilities (Lines 1 to 17).....	49,744,905		49,744,905	57,484,509
19. Common capital stock	XXX	XXX		
20 Preferred capital stock	XXX	XXX		
21. Gross paid in and contributed surplus	XXX	XXX		
22. Surplus notes	XXX	XXX		
23. Aggregate write-ins for other than special surplus funds	XXX	XXX	1,842,574	12,400,425
24. Unassigned funds (surplus)	XXX	XXX	11,025,571	1,394,232
25. Less treasury stock, at cost:				
25.1shares common (value included in Line 19) \$)	XXX	XXX		
25.2shares preferred (value included in Line 20) \$)	XXX	XXX		
26. Total capital and surplus (Lines 19 to 25)	XXX	XXX	12,868,145	13,794,657
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	62,613,050	71,279,166
DETAILS OF WRITE-INS				
1701. Accounts Payable.....	0		0	1,890,904
1702. Accrued Compensation Benefits.....	0		0	5,410,012
1703. Deferred Compensation.....	751,376		751,376	758,576
1798. Summary of remaining write-ins for Line 17 from overflow page	683,536		683,536	13,579,948
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	1,434,912		1,434,912	21,639,440
2301. Medical Care Fund.....	XXX	XXX	1,842,574	1,842,574
2302. Stop Loss fund.....	XXX	XXX	0	852,291
2303. Reserve Restricted by Board.....	XXX	XXX	0	3,600,000
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	6,105,560
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	1,842,574	12,400,425

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	406,078	1,596,772
2. Net premium income	XXX	64,411,102	27,273,310
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of \$287,135 medical expenses)	XXX	(58,112)	215,457
5. Risk revenue	XXX		221,055,289
6. Aggregate write-ins for other health care related revenues	XXX	159,508	670,917
7. Total revenues (Lines 2 to 6)	XXX	64,512,498	249,214,973
Medical and Hospital:			
8. Hospital/medical benefits		35,392,518	141,264,964
9. Other professional services		5,468,620	6,723,802
10. Outside referrals		1,261,174	13,444,326
11. Emergency room and out-of-area		5,258,368	14,537,835
12. Prescription drugs		10,765,250	
13. Aggregate write-ins for other medical and hospital			42,003,118
14. Incentive pool and withhold adjustments			
15. Subtotal (Lines 8 to 14)		58,145,930	217,974,045
Less:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)		58,145,930	217,974,045
18. Claims adjustment expenses		910,986	362,000
19. General administrative expenses.....		5,309,073	35,373,636
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		64,365,989	253,709,681
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	146,509	(4,494,708)
23. Net investment income earned		300,430	1,946,840
24. Net realized capital gains or (losses)		(129,992)	(24,792)
25. Net investment gains or (losses) (Lines 23 plus 24)		170,438	1,922,048
26. Net gain or (loss) from agents'or premium balances charged off [(amount recovered \$)(amount charged off \$)]			
27. Aggregate write-ins for other income or expenses			3,966,892
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		316,947	1,394,232
29. Federal and foreign income taxes incurred	XXX		
30. Net income (loss) (Lines 28 minus 29)	XXX	316,947	1,394,232
DETAILS OF WRITE-INS			
0601. Volume Purchase Discount.....	XXX		12,722
0602. Reg. Fees, Lab Radiology & Other.....	XXX		113,284
0603. Other Miscellaneous Revenue.....	XXX	67,571	116,034
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	91,937	428,877
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	159,508	670,917
1301. Surgery.....			0
1302. Anesthesia.....			0
1303. Pathology.....			0
1398. Summary of remaining write-ins for Line 13 from overflow page			42,003,118
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)			42,003,118
2701. Rental Income.....			10,232
2702. Extraordinary Income/Expenses.....			3,686,305
2703. Gain and Loss Sale of Equipment.....			270,355
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)			3,966,892

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting period	13,794,657	12,039,459
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	316,947	1,394,232
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses	223,909	104,057
35. Change in net unrealized foreign exchange capital gain or (loss)	0	
36. Change in net deferred income tax		
37. Change in nonadmitted assets	(1,467,368)	256,909
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus		
46. Net change in capital & surplus (Lines 32 to 45)	(926,512)	1,755,198
47. Capital and surplus end of reporting period (Line 31 plus 46)	12,868,145	13,794,657
DETAILS OF WRITE-INS		
4501.		0
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)		

CASH FLOW

	1 Current Year to Date	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	65,378,593	249,007,616
2. Claims and claims adjustment expenses	48,447,440	217,377,957
3. General administrative expenses paid	4,356,309	35,368,895
4. Other underwriting income (expenses)	0	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	12,574,844	(3,739,236)
6. Net investment income	300,430	2,006,342
7. Other income (expenses)		3,966,892
8. Federal and foreign income taxes (paid) recovered		
9. Net cash from operations (Lines 5 to 8)	12,875,274	2,233,998
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds		
10.2 Stocks		
10.3 Mortgage loans		
10.4 Real estate		
10.5 Other invested assets		
10.6 Net gains or (losses) on cash and short-term investments	(129,992)	(24,792)
10.7 Miscellaneous proceeds		
10.8 Total investment proceeds (Lines 10.1 to 10.7)	(129,992)	(24,792)
11. Cost of investments acquired (long-term only):		
11.1 Bonds		
11.2 Stocks		
11.3 Mortgage loans		
11.4 Real estate	11,840	294,416
11.5 Other invested assets	6,191,768	
11.6 Miscellaneous applications		
11.7 Total investments acquired (Lines 11.1 to 11.6)	6,203,608	294,416
12. Net Cash from investments (Line 10.8 minus Line 11.7)	(6,333,600)	(319,208)
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in		
13.2 Net transfers from affiliates		
13.3 Borrowed funds received	679,754	
13.4 Other cash provided	5,167,936	7,899,603
13.5 Total (Lines 13.1 to 13.4)	5,847,690	7,899,603
14. Cash applied:		
14.1 Dividends to stockholders paid		
14.2 Net transfers to affiliates	10,233	
14.3 Borrowed funds repaid		
14.4 Other applications	20,204,528	9,648,405
14.5 Total (Lines 14.1 to 14.4)	20,214,761	9,648,405
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	(14,367,071)	(1,748,802)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(7,825,397)	165,988
17. Cash and short-term investments:		
17.1 Beginning of period	29,131,012	28,965,024
17.2 End of period (Line 16 plus Line 17.1)	21,305,615	29,131,012

STATEMENT AS OF MARCH 31, 2002 OF THE THE WELLNESS PLAN

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	134,548	18	16,655				866		117,009	
2 First Quarter	135,037	25	16,710				1,020		117,282	
3 Second Quarter										
4. Third Quarter										
5. Current Year										
6 Current Year Member Months	406,078	75	48,523				3,060		354,420	
Total Member Ambulatory Encounters for Period:										
7. Physician	24,086		2,738				109		21,239	
8. Non-Physician	103,477		22,910				911		79,656	
9. Total	127,563		25,648				1,020		100,895	
10. Hospital Patient Days Incurred	16,622		1,571				163		14,888	
11. Number of Inpatient Admissions	4,150		296				857		2,997	
12. Premiums Collected	65,378,593		7,359,800				485,631		57,533,162	
13. Premiums Earned	64,411,102	0	7,020,163				474,382		56,916,557	
14. Amount Paid for Provision of Health Care Services	53,863,614		6,078,200				383,126		47,402,288	
15. Amount Incurred for Provision of Health Care Services	58,145,930		7,540,973				448,766		50,156,191	

CLAIMS PAYABLE (Reported and Unreported)

[illegible]

STATEMENT AS OF MARCH 31, 2002 OF THE THE WELLNESS PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (Hospital & Medical)	3,477,482	1,614,238	60,238	2,685,633	3,537,720	3,537,720
2. Medicare Supplement	0					
3. Dental Only.....						
4. Vision Only.....			0		0	
5. Federal Employees Health Benefits Plan Premiums	221,967	103,036	52,512	171,423	274,479	274,479
6. Title XVIII - Medicare			0		0	
7. Title XIX - Medicaid.....	16,497,341	12,593,339	11,725,747	21,000,946	28,223,088	28,223,088
8. Other	10,631,949		2,740,000	0	13,371,949	13,371,949
9. Subtotal	30,828,739	14,310,613	14,578,497	23,858,002	45,407,236	45,407,236
10. Medical incentive pools, accruals and disbursements			718,977	150,000	718,977	718,977
11. Totals	30,828,739	14,310,613	15,297,474	24,008,002	46,126,213	46,126,213

Other - Settlements with: Detroit Medical Center, University Physician Services, Henry Ford Hospital, and Botsford.

NOTES TO FINANCIAL STATEMENTS

Statement As Of March 31, 2002 OF THE WELLNESS PLAN
(TWP)

NOTES TO FINANCIAL STATEMENTS

The Wellness plan is a non-profit, federally qualified network model health maintenance organization (HMO) which provides comprehensive prepaid health services to its members located and serviced primarily in the southeastern Michigan area. During 2001, the Corporation changed its name from Comprehensive Health Services, Inc. to The Wellness Plan.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements-statutory basis have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices Manual effective March 31, 2002 and the permitted practices of OFIS, which are designed primarily to demonstrate the ability of an entity to meet claims of policyholders. These practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP") applied in the presentation of financial position and results of operations, and in some cases, those differences may be material.

Statutory Accounting - Accounting practices and procedures are prescribed or permitted by OFIS comprise a comprehensive basis of accounting other than GAAP. Certain assets, such as premiums over 90 days past due, goodwill, excess of book value over market value for securities, and prepaid expenses are "nonadmitted" and are charged against surplus.

Fair Value of Financial Instruments - The carrying amounts of cash, short-term investments, receivables, accounts payable, and accrued expenses approximate fair value due to the short maturity of these items. Investments are valued at fair values which are based on quoted market prices.

Cash and Short-term Investments are carried at cost, which approximate fair market value, and are comprised of cash and short-term investments.

Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

Property and Equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets which range from 3 to 30 years.

Statutory Reserves - As a condition of licensure with the State of Michigan, the Corporation is required to maintain a contingency fund a deposit of \$1,010,068 as an additional resource to provide for health care services for its members. This deposit is restricted and is held in a jointly administered trust fund with the Michigan Insurance Bureau. The funds are invested in certificates of deposit and U.S. Government securities. Interest income on these funds is not restricted.

Revenue Recognition - Revenue is recognized during the month in which coverage for enrolled members is in effect. Unearned revenue represents advance billings during the month prior to that in which coverage is in effect.

Accrued Medical Claims - Health care costs are accrued in the period services are provided to the enrolled members based in part on estimates, including an accrual for medical services provided but not yet reported. Such estimates are based on historical payment patterns using actuarial techniques and are regularly reviewed and updated. Differences in estimates resulting therefrom are reflected in current operations.

Malpractice Costs - The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income Tax Status - The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for federal income taxes has been made in the financial statements.

Use of Estimates - The preparation of financial statements in conformity with NAIC's and OFIS's accounting practices and permitted practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the statement of admitted assets, liabilities and net worth - statutory basis, and revenues, expenses and net worth - statutory basis for the period reported on. Actual results could differ from those estimates.

(a) Malpractice Self-Insurance

The Corporation has a program of self-insurance for professional and general liability risk resulting from occurrences for the period from April 1979 to date. As part of this program, the Corporation established a trust fund for which payments were to be made for professional and general liability claims losses arising from occurrences during the coverage period, and for related legal and administrative expenses. However, since the inception of the program, the Corporation has paid all claims and related expenses from current operations.

NOTES TO FINANCIAL STATEMENTS

The Corporation has previously made deposits into this fund based on funding requirements determined by annual certified actuarial studies. During 1999, the Board of Trustees designated that the case and investments held in the trust fund could be used for working capital purposes. Accordingly, the trust fund is not fully funded as of December 31, 2000.

(b) Self-Insured Stop Loss Plan

The Corporation has a self-insured stop loss plan and trust to provide a trust fund to pay any of the plan' s members' health care expenses which exceed \$50,000. No contributions were made into the plan during 2000. During the year ended December 31, 2001, all of the members' health care expenses exceeding \$50,000 were paid from current operations.

EMPLOYEE BENEFIT PLANS

Money-Purchase Pension Plan

The Corporation has a qualified money-purchase pension plan for the benefit of substantially all employees. The Corporation is required to make a contribution to a trust of 6% of the annual aggregate compensation paid to all participating employees and may make additional contribuitons as provided by the Board of Trustees. Contributions charged against operations for the year ended December 31, 2001 was approximately \$1,323,526.

Deferred Compensation Plan

The Corporation has a non-qualified deferred compensation plan covering several key employees. The plan requires pre-determined annual payments be made to these individuals for a period of ten years after a specified date. The present value of these payments is recorded as a liability in the statement of financial position. Deposits are made into separate corporate accounts in amounts estimated to be sufficient to meet the projected benefit obligations. Plan assets at December 31, 2001 total \$770,755 and consist of equity and bond mutual funds and a fixed annuity account.

In addition, this deferred compensation plan includes a separate "incentive account" for each participant. Contributions to the incentive accounts are discretionary and determined annually by the Board fo Trustees. Amounts contributed to the participant' s "incentive account" are vested on the date of contribution and are nonforfeitable. During 2001 and 2000, no discretionary contributions were made to the participant' s incentive accounts.

COMMITMENTS AND CONTINGENCIES

Litigation - Various lawsuits are filed against the Corporation for incidents which arise in the ordinary course of business. In the opinion of the Corporation' s management, the outcome of the lawsuits will not have a material adverse effect on the financial position of the Corporation.

DEBT

The Corporation has two outstanding liabilities for borrowed funds totalling \$679,542 due to Western Commerce Bank. The principal amount is due in 2003. Interest rate at 4,8% is included with each monthly installment payment of \$113,292.

ASSESTS WHOSE USE IS LIMITED

At March 31, 2002, assets whose use is limited consisted of:

Cash equivalents and investments held by trustee for:	
Malpractice self-insurance (a)	\$6,191,768.00
Self-insured stop loss plan (b)	<u>856,076.24</u>
Total assets whose use is limited	\$7,047,844.24
Less assets whose use is limited which are required for current liabilities	(1,609,265)
Noncurrent assets whose use is limited	\$5,438,579.24

ORGANIZATION AND OPERATION

The Wellness Plan was designated as a combination of a staff model and IPA model by the Health Care Financing Administration Department of Human Services (HCFA). Under this contract, the Well Plan receives a monthly premium for providing health care under the Medicaid Program based on age/sex determinations. Approximately 87% of the Wellness Plans' members are involved in Medicaid.

MINIMUM NET WORTH REQUIREMENTS

NOTES TO FINANCIAL STATEMENTS

The Corporation is required to comply with a minimum net worth requirement and a minimum working capital requirement both developed by the OFIS. The Corporation has not met the working capital requirement. The OFIS has the authority to place the Corporation in receivership. Management is working with the OFIS to develop a plan to meet these requirements. Management expects to meet the working capital requirement in 2002 and does not expect the OFIS to taken any further action relating to this deficiency.

EMPLOYEE SEVERANCE COSTS

In connection with an employee severance plan offered by the Corporation in 1998, approximately 100 eligible employees elected to resign in exchange for severance benefits. The severance benefits will be paid to electing employees over a maximum of eight years. The Corporation funds the remaining severance benefits by making payments to a third-party administrator. Payments of approximately \$42,000 per year are due from 2002 through 2006.

NOTES TO FINANCIAL STATEMENTS

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes No [X]

1.2 If yes, explain:

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes No

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No [X]

3.2 If yes, date of change: If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes No [X] If yes, attach an organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No [X]

5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes No [X] NA If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2001

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1997

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 04/15/1999

7.4 By what department or departments?

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes No [X]

8.2 If yes, give full information:

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

INVESTMENT

9.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

9.2 If yes, explain:
.....

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

10.2 If yes, give full and complete information relating thereto:
.....

11. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0

12. Amount of real estate and mortgages held in short-term investments:\$0

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds	\$	\$
13.22 Preferred Stock	\$	\$
13.23 Common Stock	\$	\$
13.24 Short-term Investments	\$	\$
13.25 Mortgages, Loans or Real Estate	\$	\$
13.26 All Other	\$10,232	\$10,232
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$10,232	\$10,232
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above	\$	\$
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above	\$	\$

14.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No []

If no, attach a description with this statement.

15. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

15.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Bank One.....	Detroit, Michigan.....

15.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

15.3 Have there been any changes, including name changes in the custodian(s) identified in 15.1 during the current year? Yes [] No [X]

15.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

15.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period	30,576,717			32,371,705
2. Increase (decrease) by adjustment	(516,935)			(2,089,404)
3. Cost of acquired				
4. Cost of additions to and permanent improvements	11,840			294,416
5. Total profit (loss) on sales				
6. Increase (decrease) by foreign exchange adjustment	0			
7. Amount received on sales				
8. Book/adjusted carrying value at end of current period	30,071,622			30,576,717
9. Total valuation allowance				
10. Subtotal (Lines 8 plus 9)	30,071,622			30,576,717
11. Total nonadmitted amounts				
12. Statement value, current period (Page 2, real estate lines, current period)	30,071,622			30,576,717

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period				
2. Amount loaned during period:				
2.1. Actual cost at time of acquisitions				
2.2. Additional investment made after acquisitions				
3. Accrual of discount and mortgage interest points and commitment fees				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period				
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)				
12. Total nonadmitted amounts				
13. Statement value of mortgages owned at end of current period				

NONE

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period	(7,414,879)			(10,224,177)
2. Cost of acquisitions during period:				
2.1. Actual cost at time of acquisitions	6,191,768			
2.2. Additional investment made after acquisitions				
3. Accrual of discount				
4. Increase (decrease) by adjustment	(7,388,596)			2,809,298
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment				
9. Book/adjusted carrying value of long-term invested assets at end of current period	(8,611,707)			(7,414,879)
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)	(8,611,707)			(7,414,879)
12. Total nonadmitted amounts				
13. Statement value of long-term invested assets at end of current period	(8,611,707)			(7,414,879)

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
BONDS								
1. Class 1	9,419,272			(79,228)	9,340,044			9,419,272
2. Class 2	902,424			6,512	908,936			902,424
3. Class 3	100,447			685	101,132			100,447
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	10,422,143			(72,031)	10,350,112			10,422,143
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	10,422,143			(72,031)	10,350,112			10,422,143

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals	10,350,112	XXX	10,297,529	130,526	

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned				
	1	2	3	4
	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period	10,420,203			10,208,146
2. Cost of short-term investments acquired	10,297,529			10,290,332
3. Increase (decrease) by adjustment	223,909			104,057
4. Increase (decrease) by foreign exchange adjustment				
5. Total profit (loss) on disposal of short-term investments	(129,992)			(24,972)
6. Consideration received on disposal of short-term investments	10,461,537			10,157,360
7. Book/adjusted carrying value, current period	10,350,112			10,420,203
8. Total valuation allowance				
9. Subtotal (Lines 7 plus 8)	10,350,112			10,420,203
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)	10,350,112			10,420,203
12. Income collected during period	130,526			213,997
13. Income earned during period	130,526			254,491

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

Schedule S

NONE

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	2	Direct Business Only Year-to-Date			
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3 Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefit Program Premium
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI	No	Yes	7,020,163	56,916,557	474,382
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN					
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. U.S. Virgin Islands	VI					
56. Canada	CN					
57. Aggregate Other Alien	OT	XXX	XXX			
58. Total (Direct Business)	XXX	(a) 1	7,020,163		56,916,557	474,382
DETAILS OF WRITE-INS						
5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for Line 57 from overflow page						
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)						

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

Yes

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

MQ002 Additional Aggregate Lines for Page 02 Line 8.
*ASSETS

0804. Prepaid Expenses.....	1,272,248	1,272,248	0	0
0805. Advances.....			0	0
0897. Summary of remaining write-ins for Line 8 from Page 02	1,272,248	1,272,248	0	

MQ003 Additional Aggregate Lines for Page 03 Line 17.
*LIAB

1704. Employee Severance cost (net of current).....	200,232		200,232	208,000
1705. Provider Cost settlement.....			0	13,371,948
1706. Other Liabilities.....	483,304		483,304	0
1797. Summary of remaining write-ins for Line 17 from Page 03	683,536		683,536	13,579,948

MQ003 Additional Aggregate Lines for Page 03 Line 23.
*LIAB

2304. Insurance Bureau Reserve.....	XXX	XXX	0	1,002,871
2305. Unrealized Gains & Losses.....	XXX	XXX	0	104,057
2306. Unrestricted Fund Balance.....	XXX	XXX	0	4,998,632
2397. Summary of remaining write-ins for Line 23 from Page 03	XXX	XXX	0	6,105,560

MQ004 Additional Aggregate Lines for Page 04 Line 6.
*REVEX1

0604. COB.....	XXX	71,964	428,877
0605. Other Revenue CO-Pay.....	XXX	19,973	0
0697. Summary of remaining write-ins for Line 6 from Page 04	XXX	91,937	428,877

MQ004 Additional Aggregate Lines for Page 04 Line 13.
*REVEX1

1304. Radiology.....			0
1305. Chemo Radiology.....			0
1306. Ambulance.....			1,669,547
1307. Durable Medical Equipment.....			2,023,157
1308. Vision Care.....			571,976
1309. Home Health Care.....			694,571
1310. Hearing Care.....			178,243
1311. Mental Health Chemical Dependency.....			576,499
1312. Other Medical Services.....			8,532,670
1313. Pharmacy.....			27,518,822
1314. Provider Cost Settlements.....			(1,797,924)
1315. Capitation to Child & Family Services.....			1,062,436
1316. Capitation to Lab Services.....			807,412
1317. Capitation Trnasport Services.....			101,165
1318. Malpractice.....			0
1319. Health care Staff Center.....			0
1320. Occupancy Depreciation & Amortization.....			0
1321. Fee for Service Cost.....			0
1322. Allocated Cost.....			0
1323. Encounter Expenses.....			64,544
1324. Capitation to Physicians.....			0
1397. Summary of remaining write-ins for Line 13 from Page 04			42,003,118

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF MARCH 31, 2002 OF THE THE WELLNESS PLAN

SCHEDULE E - PART 1 - CASH

[illegible]